GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Cooperation Department – Revival and Revitalization of Cooperative Societies – Chalking out action plan by department - Certain gaps observed requiring correction in Credit Societies to conduct elections in democratic and free & fair manner – Exemption to Cooperative Credit Societies from the provision of Sec.115-D(16)(a) of APCS Act, 1964 – Orders – Issued.

==========

AGRICULTURE & COOPERATION (COOP.IV) DEPARTMENT

G.O.Rt.No.475 Dated:30.07.2019.

Read the following:

1. GO.Ms.No.10, Agriculture & Cooperation (Coop-IV) Dept., Dt.30.01.2019.
2. GO.Ms.No.20, Agriculture & Cooperation (Coop-IV) Dept., Dt.12.02.2019.
3. Go.Rt.No.339, Agriculture & Cooperation (Coop-II) Dept., Dt.14.05.2019.
4. Go.Rt.No.409, Agriculture & Cooperation (Coop-II) Dept., Dt.27.06.2019.
5. From the Spl. CC & RCS, A.P., Guntur, Lr.File.No.AGC06-13021/1/2018-PACSEC-CCRCS, Dt.08.06.2019.
6. From the CC & RCS, A.P., Guntur, Lr.Rc.No.5456/2017/PACS-III, Dt. 04.07.2019 & 19.07.2019.
7. From the CC & RCS, A.P., Guntur, Letter Rc.No.1135/2018 MKTG-I, dt:25.07.2019.

&&&&&

ORDER:

In the references 5th to 7th read above, the Commissioner for Cooperation & Registrar of Cooperative Societies while reporting certain gaps that are identified in functioning of Primary Agricultural Cooperative Credit Societies of which some of the important aspects are found affecting the core objectives of the Cooperative Credit movement and also affecting the conduct of elections to the societies, requested the Government to take suitable decision in the matter to provide suitable managements as the extended term of the present managing committees is going to expire shortly starting from 30.07.2019 as the case may be.

2. Government after careful examination and consideration of the situation reported by the Commissioner for Cooperation and Registrar of Cooperative Societies, A.P., and in accordance with the policy of the Government to revive the Co-operative sector, even with the extended tenure of the committees found, inter alia that:

1. Even after the expiry of the elected term and even after extending their tenure for another one and half year, the admission registers in the societies are yet to be updated by the Managing Committees. Only then, the members list of the societies could be prepared in a foolproof manner and ensure the member participation in the activities as well as elections to the societies by up-keeping the principles and spirit of the Cooperative Act.

2. Though the Cooperative Societies have a wide base of membership, not all the members are eligible to vote. Even now, huge numbers are still continuing with Rs.10/- share capital only instead of subscribing for Rs.300/- share capital as stipulated in the APCS Act & Rules, 1964 and the required compliances with the eligibility required to vote have not been secured.

3. The Managing Committees so far could not ensure to see to reconcile several important heads of accounts of their societies which will have a large bearing on the financial position as well as their liquidity position. The heads of accounts like loans outstanding, share capital invested, fixed deposits, due to & due by, borrowings etc. are lying un-reconciled. Some of them even face huge imbalances in their accounts with the financing bank and members.

4. An amount of Rs.935 crores approximately was given during the years 2007 to 2010 as assistance under Vaidyanadhan Revival Package to 1763 Number of PACS so as to cleanse their balance sheet and enable them to run in profits further. Even now, it is found that about 40% of the PACS are still running in loss. Therefore, it is necessary to make the PACS develop their own Business Development Plan and strive to earn profits by diversifying their business activities.

5. At this stage also, many of the PACS are still lingering with huge outstanding from members remaining to be collected resulting in mounting over dues that requires legal action and even there are some wilful defaulters.

6. Also, there is dearth of staff in some of the PACS and there is every need to strengthen the human resources available in the societies as well as position the qualified staff to meet the advanced technological requirements such as Computerization of data, maintaining proper database etc. In this regard, a human resource policy for PACS was agreed to by Government recently in the month of March 2019 which is yet to be implemented.

7. As the societies are running on meagre interest margins, they are currently not investing on training the staff to acquire the required skills. As such, societies are facing problems in resolving certain issues like reconciling "due to" and "due by" heads of accounts of the society since many years. The Common Accounting System was also recently introduced in auditing and preparing the Final Audit Report of the PACS. The staff is still getting trained in this aspect.

8. There is poor financial discipline in some of the societies resulting in mismanagement and embezzlement of funds requiring corrective and statutory action to set right the affairs of the societies. This effected their repayment capacity and to that extent, the financial assistance from the banks got restricted ultimately effecting the poor members at the field level choking their access to cheaper credit.

9. The audit of the accounts of the PACS is instructed to be done as per guidelines in the NABARD's Audit Manual. Certain staff is still facing difficulty in drawing the accounts as per the prescribed formats in the audit manual. Necessary expertise is being imparted to ensure to follow IRAC norms and see that true financial picture of the society only is exhibited.

10. The Computerization of the accounts of the Cooperatives was initiated by the Government of India and the required allocation of funds is awaited.

11. Certain membership disputes are pending resolution in some of the PACS areas that needs to be focussed and also proper procedures have to be sensitized to avoid unnecessary disputes in future.

12. All the above points are posing a question on the vitality of the functioning of the Cooperative Credit Structure in the State. Therefore, there is every need to train the staff to the requirement, make them more accountable to members and evolve strategies of running societies on profit lines without sacrificing service motto.

/contd. .../

3. Though the Government is committed towards conducting elections to Cooperative Credit Societies, in view of the circumstances reported by the Commissioner for Cooperation and Registrar of Cooperative Societies which requires to be attended first, in order to ensure the conduct of elections in a more member participative, democratic as well as in a free & fair manner and also since the grounds mentioned by the Commissioner for Cooperation and Registrar of Cooperative Societies form a germane and relevant cause with direct nexus with the statutory objective of conduct of free and fair elections, the Government in the interest of Cooperative movement as well as public interest, examined the entire matter thoroughly and for the above reasons felt necessary in the interest of the cooperative credit movement in the State and therefore, the Government, for this purpose, hereby exercise its powers vested under Section 123 of APCS Act, 1964 and exempt all the Cooperative Credit Societies in the State from the provision of Section 115-D(16)(a) of APCS Act, 1964.

4. Therefore, the CC & RCS, A.P., Guntur shall take necessary action in this matter and also to take necessary steps to ensure maximum member participation in the working as well as in the forthcoming elections to the Cooperative Credit Societies.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Y.MADHUSUDHANA REDDY
SPECIAL SECRETARY TO GOVERNMENT.

To
The Commissioner for Cooperation & Registrar of Cooperative
Societies, A.P, Guntur.

Copy to:-

The Chief General Manager, NABARD, A.P Regional Office, Hyderabad.
PS to Addl.Secy. to Hon'ble C.M.
PS to Hon'ble M(Agrl.& Coop)
PS to Spl. Secy. to Govt., A&C Dept.
Sf/Sc.

// FORWARDED ::BY ORDER//

SECTION OFFICER.